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SUBJECT: USAID MEETING WITH FOOD SECURITY AND
AGRICULTURE PARTNERS IN SOUTHERN SUDAN

Summary

¶1. On March 9 and 10, USAID Bureau for Democracy, Conflict, and Humanitarian Assistance (USAID/DCHA) and USAID Sudan Field Office (USAID SFO) staff met with USAID/DCHA food security and agriculture partners and USAID SFO livelihoods partners in Rumbek to discuss the current status of the sectors in Southern Sudan, future USAID funding, transition of the food security and agriculture sector from relief to development, and the priorities of the Government of Southern Sudan (GoSS) Ministry of Agriculture and Forestry (MAF). Michael Roberto Kenyi, MAF director for planning, represented both the MAF and the GoSS Ministry of Animal Resources and Fisheries (MARF). The meeting included four panel discussions: agriculture and livestock production; community development and infrastructure; marketing and cooperatives; and microfinance and business development services. Each panel used three questions to focus discussions: 1) What are the key programs, best practices, and activities that should be continued during the transition from relief to development? 2) How do these programs tie into and address GoSS priorities? and 3) What are the next steps to help the GoSS take activities beyond the humanitarian focus?

Opening Remarks

¶2. USAID opened the meeting by explaining that with the establishment of the GoSS, the creation of the Multi-Donor Trust Fund (MDTF), and the expansion of trade and local economies in the south, humanitarian efforts should begin to transition to longer-term assistance mechanisms, particularly in the food security and agriculture sector. As USAID assistance for Southern Sudan shifts under the new country strategy from relief and development to stabilization, much of the support for this sector will need to come from the GoSS itself, with the participation of mechanisms such as the MDTF.

¶3. In response, Mr. Roberto presented GoSS priorities for the food security sector in the coming year. The

priorities include improved input supply, agricultural extension, agricultural processing and post-production systems, agricultural marketing for regional and foreign markets, agricultural research, coordination of actors in the sector, and environmental protection. In particular, the MAF would like to encourage modernization of the sector, stressing farmer savings programs and farmers' associations to help small holders increase collective bargaining power.

¶4. The MAF budget for April 1 to December 31 is planned at USD 45 million. The MAF Director for Planning emphasized that donor support of this sector is critical and should increase, especially given the volume of returns and the fact that conditions in Southern Sudan are tenuous and in many cases remain at emergency levels.

Panel 1: Agriculture and Livestock Production

¶5. The panel identified key activities that should continue in order to transition the agriculture and livestock sectors from relief to development. The panel and session discussion highlighted such interventions as improved access to seeds; introduction of improved technologies with a focus on reducing adoption risks for farmers; production marketing and agribusiness via establishment of farmer associations; the development of linkages between agriculture and livestock systems; and increased livestock production.

¶6. Discussions highlighted overarching principles to apply in the sector, such as the importance of needs

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assessments and establishment of baselines, matching planned activities to local conditions and preferences, and follow-up evaluations to measure impact. Wherever possible, activities should incorporate local sourcing of inputs and cost recovery programs to help promote sustainability. These principles are in line with MAF priorities.

¶7. Participants pointed out that food aid can play a role in transitioning the agriculture sector by helping to stabilize food security conditions in areas of food deficit and protect seed stocks from consumption. Nonetheless, shifting from outside commodities to local food purchases will be important in stabilizing local agricultural markets.

¶8. Despite significant attention on transitioning the agriculture sector to longer-term solutions, participants underscored the fundamental and critical need to maintain focus on subsistence farmers, who still make up the vast majority of the sector. The group agreed that coordination of the sector must come from the GoSS, which must create a policy environment conducive to growth. Sector stakeholders must continue to maintain the capacity to respond to emergencies during this transitional period in Southern Sudan.

Panel 2: Community Development and Infrastructure

¶9. The panel identified many key issues for the development of the sector. Participants stressed the primary importance of drawing ideas for community development and infrastructure improvements from beneficiary communities, rather than non-governmental organizations (NGOs), donors, or even the GoSS. The panel focused in part on mechanisms for assessing needs and encouraging dialogue at the community, payam, county, and state levels, including existing NGO coordination

groups such as the Livelihoods Action Forum and local government institutions such as the county development committees. In addition, technologies, materials, and designs for community development and infrastructure improvements should be in sync with local capacities.

¶10. An important issue for community development in Southern Sudan is access to land, especially for returnees. It will be difficult for central authorities to address this issue at the local level as land access issues are bound closely to local contexts. It will be critical to form mechanisms that link community, payam, county, and state levels in coordination, communication, and information sharing.

¶11. Panel members pointed out several key policy issues that may prove problematic in making infrastructure investments during the transition period. Difficulties are anticipated not only with the collection of taxes, but also with the flow of tax revenues from counties to the central government and back to counties again. It is unclear whether county or state governments will have the authority to raise their own tax revenues. Ensuring infrastructure programs involve local communities will be critical to avoiding local resentments, tensions, and the perception of political motivations behind such interventions. The "hidden hand" of local officials often operates behind the scenes in infrastructure and other decisions on community activities. This complicates project work in communities and may not accurately represent community interests. Community development, infrastructure, and information management all depend on good governance, which depends heavily on transparency in investment decision-making processes. To date, the dissemination of information from authorities is still slow to begin, and adequate communication systems linking remote locations to state processes are not yet in place.

Panel 3: Marketing and Cooperatives

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¶12. The panel highlighted the need to consider the effect food aid and other relief assistance can have on local markets. Although the continued need for relief assistance was widely acknowledged, participants stressed the importance of shifting to local food purchases in order to stabilize and help support local market growth. The panel also pointed out the need for more control over the timing of food aid distributions so as not to cause unfair competition in local markets.

¶13. Panel members pointed out several key policy issues that may prove problematic in making gains in this sector. Ensuring safe road transport will be critical, especially in the Equatoria region, still plagued by the Lord's Resistance Army. In addition, agricultural cooperatives and the marketing of surpluses cannot work without a functioning, reliable market information system, including crop conditions, prices, and weather data by region. In general, the opening up of towns and expansion of local populations will serve as major incentives for farmers to open up more land and produce greater surpluses. This in turn can serve as an incentive for returnees to stay in rural areas where they may be able to find farm labor. However, it will be important to examine the rural labor market as it grows and changes in order to effectively support this process.

¶14. Participants acknowledged that cooperatives fail frequently throughout the world, but in Southern Sudan the failure has been due to government interference and inclusion of outsiders as cooperative members. In order

to succeed, cooperative members must feel they have full ownership of their enterprise and local authorities must allow these groups to form organically. By focusing on reestablishing associations that existed before the war and providing support to these groups, the panel felt that cooperatives have a vital role to play in developing the agriculture sector.

¶15. To date, little work has been done with livestock cooperatives in Southern Sudan, but the panel stressed the importance of building the productivity of livestock through cooperative management and marketing of products such as milk and hides. Current best practices include tapping Kenyan expertise and building an understanding of current marketing systems now dominated by private traders.

Panel 4: Microfinance and Business Development Services

¶16. The panel identified key activities that should continue in order to expand the microfinance and business development sector. The discussion highlighted current best practices including the establishment of six training centers by USAID that will be transferred to the GoSS; small business development focusing on transition from grants to microfinance; business development approaches that employ former soldiers; formation of self-help groups for vulnerable households; support to small agro-processing ventures; and local capacity building in management and technical skills.

¶17. Certain overarching principles were seen to apply in this sector. Programs should emphasize demand-driven training, earnings rather than grants, capacity building towards competitiveness, the use of business plans, an understanding of supply chain opportunities and skill constraints, and microfinance programs that operate on a self-sustaining basis. Ongoing activities should continue and expand to emerging markets formerly under Government of Sudan (GOS) control, particularly Wau, Malakal, and Aweil.

¶18. These best practices and guiding principles fit GoSS priorities for the sector, especially MAF priorities for building capacity, creating employment and wealth, linking producers and consumers, and encouraging private

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sector contributions to economic growth and poverty alleviation programs. Financial services are a necessary component of any developing or developed society and will be a key factor in sustaining peace.

¶19. The panel identified several next steps to help the GoSS take activities in this area beyond a humanitarian focus, including government buy-in to training processes, the need to strengthen legal systems to promote a level playing field for small businesses, and the discouragement of subsidized lending or grants for business activities. The GoSS needs to formalize and regulate the microfinance sector by developing policies favorable to growth and provide access to services for the poor while protecting them from abuse. The panel stressed the need to improve the socio-economic status of vulnerable groups, especially women, through educational initiatives. It is important for the GoSS to create a policy environment that will attract Sudanese skilled workers and intellectuals living abroad as well as foreign investors, taking into consideration the issues of low wages, corruption, and mismanagement that came to characterize government structures in GOS areas during the war.

Conclusion

¶20. In FY 2007 it is highly likely that USAID will not have humanitarian funds to continue food security and agriculture programs at FY 2006 levels. Coupled with the fact that USAID development assistance for Sudan will focus more on stabilization efforts, this means that alternate mechanisms for funding the key sector activities outlined in this cable must be operational and partners in this sector must be actively seeking other sources of funding, ideally through the GoSS, the MDTF, or other development-oriented donors. Otherwise, it is likely that there will be a gap in support to this sector.

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